

Statement Introducing the Free Competition in Currency Act

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Rep. Ron Paul, M.D.

Madame Speaker, I rise to introduce the Free Competition in Currency Act. This act would eliminate two sections of US Code that, although ostensibly intended to punish counterfeiters, have instead been used by the government to shut down private mints. As anti-counterfeiting measures, these sections are superfluous, as 18 USC 485, 490, and 491 already grant sufficient authority to punish counterfeiters.

The two sections this bill repeals, 18 USC 486 and 489, are so broadly written as to effectively restrict any form of private coinage from competing with the products of the United States Mint. Allowing such statutes to remain in force as a catch-all provision merely encourages prosecutorial abuse. One particular egregious recent example is that of the Liberty Dollar, in which federal agents seized millions of dollars worth of private currency held by a private mint on behalf of thousands of people across the country.

Due to nearly a century of inflationary monetary policy on the part of the Federal Reserve, the US dollar stands at historically low levels. Investors around the world are shunning the dollar, and millions of Americans see their salaries, savings accounts, and pensions eroded away by rising inflation. We stand on the precipice of an unprecedented monetary collapse, and as a result many people have begun to look for alternatives to the dollar.

As a proponent of competition in currencies, I believe that the American people should be free to choose the type of currency they prefer to use. The ability of consumers to adopt alternative currencies can help to keep the government and the Federal Reserve honest, as the threat that

further inflation will cause more and more people to opt out of using the dollar may restrain the government from debasing the currency. As monopolists, however, the Federal Reserve and the Mint fear competition, and would rather force competitors out using the federal court system and the threat of asset forfeiture than compete in the market.

A free society should shun this type of strong-arm action, and the Free Competition in Currency Act would take the necessary first steps to freeing the market for competing currencies. I urge my colleagues to support this bill.